

Message Text

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11

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 INT-08 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-15 USIA-15 SCEM-02 EB-11 COME-00 OMB-01 TRSE-00

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 865

INFO AMEMBASSY TOKYO

C O N F I D E N T I A L MOSCOW 9190

E.O. 11652: GDS

TAGS: ENRG JA UR US

SUBJ: OCCIDENTAL PARTICIPATION IN SIBERIAN OIL AND

GAS PROJECTS

REF: TOKYO 9663

1. COMMENTING ON HIS VARIOUS INTERESTS AFTER AN ACTION-
PACKED FIVE-DAY VISIT TO MOSCOW, DR. ARMAND HAMMER NOTED
THAT HIS RECENT TRIP TO JAPAN HAD EXERTED POSITIVE INFLUENCE
ON YAKUTIA GAS PROJECT. HE EXPLAINED CURRENT STATUS AS
FOLLOWS:

EL PASO REPRESENTATIVES AR MEETING TOKYO GAS COMPANY
CHIEF ANZAI IN HAWAII IN A COUPLE OF WEEKS TO COMPLETE
ARRANGEMENTS FOR TOKYO GAS PARTICIPATION. ACCORDING TO
HAMMER, OSIPOV HAS ASKED THE JAPANESE FOR A \$120-\$150
MILLION LOAN TO COMPLETE EXPLORATION AND PROVING OF
RESERVES IN YAKUTIA FIELD, AND JAPANESE EX-IM BANK AGREED
TO LOAN ONE HALF OF THIS (UP TO \$75 MILLION) PROVIDED
THAT U.S. EX-IM BANK WOULD GUARANTEE LOAN FOR REMAINING
HALF. THIS QUESTION IS TO BE INCLUDED IN JAPANESE PRIME
MINISTER'S TALKS WITH THE PRESIDENT DURING HIS CURRENT
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VISIT TO WASHINGTON.

U.S. AND JAPANESE MEMBERS OF YAKUTIA CONSORTIUM WILL VERIFY RESULTS OF RUSSIAN EXPLORATION AND TESTS. ABOUT TWO MORE YEARS WILL BE REQUIRED FOR THE RUSSIANS TO PROVE THE GAS RESERVES, AND FOUR ADDITIONAL YEARS WILL BE NEEDED FOR CONSTRUCTION OF PIPELINE AND INFRASTRUCTURE BEFORE THE FIRST COMMERCIAL DELIVERIES CAN BE MADE.

2. ON THE SUBJECT OF EXPLOITATION OF TYUMEN OIL DEPOSITS, DR. HAMMER NOTED THAT IN THE COURSE OF A MEETING WITH GOSPLAN HIRMAN BAYBAK; HE RECEIVED THE IMPRESSION THAT

THE SOVIET GOVERNMENT WILL PROCEED TO PROVE THE RESERVES BUT WILL DELIBERATELY HOLD BACK ON DEVELOPMENT FOR PRODUCTION UNTIL IT FORMS A CLEAR IDEA OF THE OUTCOME OF THE CURRENT WORLD ENERGY CRISIS, PERHAPS DECIDING EVENTUALLY TO UTILIZE THESE DEPOSITS FOR DOMESTIC CONSUMPTION AND/OR FOR SALE TO EASTERN EUROPEAN SATELLITES.
DUBS

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